

AMENDED IN SENATE MARCH 1, 2010
AMENDED IN SENATE JANUARY 4, 2010
AMENDED IN ASSEMBLY JUNE 1, 2009

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 548

Introduced by Assembly Member Chesbro

(Coauthor: Senator Benoit)

**(Coauthors: Assembly Members Bass, Brownley, Emmerson, Harkey,
Nestande, and John A. Perez)**

February 25, 2009

An act to amend Section ~~17558.5 of the Government Code~~ 52124.3 of, and to add Section 52124.4 to, the Education Code, relating to ~~state mandates~~ education finance, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 548, as amended, Chesbro. ~~State mandates. Education finance:~~ *Class Size Reduction Program.*

(1) Existing law establishes the Class Size Reduction Program, under which a participating school district or county office of education reduces class size to 20 pupils per class in kindergarten and grades 1 to 3, inclusive. If a school district or county office of education receives funding for a class, but fails to reduce the size of that class to 20 pupils, the school district or county office of education incurs a reduction in its next principal apportionment of state funds. Existing law provides that for the 2008–09, 2009–10, 2010–11, and 2011–12 fiscal years, a local educational agency is eligible to receive funding for the same

number of classes for which it had applied to receive program funding as of January 31, 2009.

This bill would provide that, for the 2008–09 school year, a local educational agency may choose for state apportionment purposes the option to receive funding for the same number of classes for which it had applied to receive program funding as of January 31, 2009, or the funding option provided under the Class Size Reduction Program on December 31, 2008, prior to the enactment of the provision referenced above.

This bill would provide that, for the 2009–10 school year, the Riverside Unified School District may choose to operate each of its grade 3 classrooms that participate in the Class Size Reduction Program either pursuant to the option to receive funding for the same number of classes for which it had applied to receive program funding as of January 31, 2009, or the funding option provided under the Class Size Reduction Program on December 31, 2008, prior to the enactment of the provision referenced above.

(2) This bill would make legislative findings and declarations as to the necessity of a special statute for the Riverside Unified School District.

(3) This bill would declare that it is to take effect immediately as an urgency statute.

~~Under the California Constitution, whenever the Legislature or a state agency mandates a new program or higher level of service on any local government, including school districts, the state is required to provide a subvention of funds to reimburse the local government, with specified exceptions. Existing law establishes a procedure for local governmental agencies to file claims for reimbursement of these costs with the Commission on State Mandates. Under this procedure, the commission is required to hear and decide upon each claim for reimbursement and then determine the amount to be subvented for reimbursement, which the Controller is required to pay to eligible claimants. The procedure also provides that a reimbursement claim for actual costs filed by a local agency or school district is subject to an audit by the Controller no later than 3 years after the date that the actual reimbursement claim is filed or last amended, whichever is later, but that, if no funds are appropriated or no payment is made to a claimant for the fiscal year for which the claim is filed, the audit is required to be commenced no later than 3 years from the date of the initial payment of the claim.~~

~~This bill would delete the provision that authorizes the Controller to commence an audit more than 3 years from the date of the initial payment of the claim if those conditions exist. The bill would also extend the time in which the Controller is authorized to audit a claim for reimbursement to 4 years after the date the claim is filed or amended, whichever is later.~~

Vote: ~~majority~~^{2/3}. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 52124.3 of the Education Code is amended
2 to read:
3 52124.3. (a) For the 2008–09, 2009–10, 2010–11, and 2011–12
4 fiscal years only, the amounts deducted pursuant to subdivision
5 (d) of Section 52124 shall be as follows:
6 (1) Five percent of the amount to which the school district would
7 otherwise be eligible for each class for which the annual average
8 enrollment determined pursuant to Section 52124.5 is greater than
9 or equal to 20.5 but less than 21.5.
10 (2) Ten percent of the amount to which the school district would
11 otherwise be eligible for each class for which the annual average
12 enrollment determined pursuant to Section 52124.5 is greater than
13 or equal to 21.5 but less than 22.5.
14 (3) Fifteen percent of the amount to which the school district
15 would otherwise be eligible for each class for which the annual
16 average enrollment determined pursuant to Section 52124.5 is
17 greater than or equal to 22.5 but less than 23.0.
18 (4) Twenty percent of the amount to which the school district
19 would otherwise be eligible for each class for which the annual
20 average enrollment determined pursuant to Section 52124.5 is
21 greater than or equal to 23.0 but less than 25.0.
22 (5) Thirty percent of the amount to which the school district
23 would otherwise be eligible for each class for which the annual
24 average enrollment determined pursuant to Section 52124.5 is
25 greater than or equal to 25.0.
26 (b) For the 2008–09, 2009–10, 2010–11, and 2011–12 fiscal
27 years, a local educational agency is eligible to receive funding
28 pursuant to this chapter only for the same number of classes for
29 which it had applied to receive program funding as of January 31,

1 2009. A local educational agency that meets these criteria is eligible
2 for reduced funding under this section only for the number of
3 classes reported on its 2008–09 operations application and is not
4 eligible for funds under this chapter for classes in addition to that
5 number.

6 *(c) For the 2008–09 school year, a local educational agency*
7 *may choose for state apportionment purposes pursuant to this*
8 *chapter either the option set forth in subdivision (b) or the option*
9 *set forth in this chapter as it read on December 31, 2008.*

10 SEC. 2. *Section 52124.4 is added to the Education Code, to*
11 *read:*

12 *52124.4. Notwithstanding any other law, for state*
13 *apportionment purposes in the 2009–10 school year, the Riverside*
14 *Unified School District may choose to operate each of its grade 3*
15 *classrooms that participate in the Class Size Reduction Program*
16 *either pursuant to the option set forth in subdivision (b) of Section*
17 *52124.3 or the option set forth in this chapter as it read on*
18 *December 31, 2008.*

19 SEC. 3. *The Legislature finds and declares that a special law*
20 *is necessary and that a general law cannot be made applicable*
21 *within the meaning of Section 16 of Article IV of the California*
22 *Constitution because of the unique fiscal circumstances of the*
23 *Riverside Unified School District.*

24 SEC. 4. *This act is an urgency statute necessary for the*
25 *immediate preservation of the public peace, health, or safety within*
26 *the meaning of Article IV of the Constitution and shall go into*
27 *immediate effect. The facts constituting the necessity are:*

28 *In order to prevent financial hardship from occurring to the*
29 *Riverside Unified School District and other local educational*
30 *agencies that participate in the Class Size Reduction Program*
31 *prior to the end of the 2009–10 school year, it is necessary for this*
32 *act to take effect immediately.*

33 SECTION 1. ~~Section 17558.5 of the Government Code is~~
34 ~~amended to read:~~

35 ~~17558.5. (a) A reimbursement claim for actual costs filed by~~
36 ~~a local agency or school district pursuant to this chapter is subject~~
37 ~~to the initiation of an audit by the Controller no later than four~~
38 ~~years after the date that the actual reimbursement claim is filed or~~
39 ~~last amended, whichever is later. An audit shall be completed not~~
40 ~~later than two years after the date that the audit is commenced.~~

1 ~~(b) The Controller may conduct a field review of any claim after~~
2 ~~the claim has been submitted, prior to the reimbursement of the~~
3 ~~claim.~~

4 ~~(e) The Controller shall notify the claimant in writing within~~
5 ~~30 days after issuance of a remittance advice of an adjustment to~~
6 ~~a claim for reimbursement that results from an audit or review.~~
7 ~~The notification shall specify the claim components adjusted, the~~
8 ~~amounts adjusted, interest charges on claims adjusted to reduce~~
9 ~~the overall reimbursement to the local agency or school district,~~
10 ~~and the reason for the adjustment. Remittance advices and other~~
11 ~~notices of payment action shall not constitute notice of adjustment~~
12 ~~from an audit or review.~~

13 ~~(d) The interest rate charged by the Controller on reduced claims~~
14 ~~shall be set at the Pooled Money Investment Account rate and shall~~
15 ~~be imposed on the dollar amount of the overpaid claim from the~~
16 ~~time the claim was paid until overpayment is satisfied.~~

17 ~~(e) Nothing in this section shall be construed to limit the~~
18 ~~adjustment of payments when inaccuracies are determined to be~~
19 ~~the result of the intent to defraud, or when a delay in the completion~~
20 ~~of an audit is the result of willful acts by the claimant or inability~~
21 ~~to reach agreement on terms of final settlement.~~